MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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CONSTRUCTION AND REAL ESTATE TRENDS

Construction activity is of substantial importance to the national economy and also to many local urban economies. This importance stems from two aspects of the industry. In the first place, it supplies a tremendous impetus to both national and local economies through its use of significant amounts of labor and many raw and semifinished materials. Thus, it has a direct effect (labor employed on construction) and an indirect effect (the demand for materials and machinery) which filters back through many types of business activity. Secondly, it produces a durable good which continues to render service over a period of years. The demand for its products is a composite of (a) replacement of worn-out structures, (b) expansion due to population changes, (c) innovations and style changes, and (d) postponed demand because of depressions or wars. This often means that construction activity fluctuates widely with changes in the relative importance of these four factors.

The nation and many local communities have witnessed a tremendous expansion of the construction industry during the postwar years. This was due primarily to postponed building plans during the depression of the thirties and the subsequent World War II period. After the war, this accumulated demand, combined with high incomes, a high level of business activity, an increased number of families, and significant population shifts resulted in an unprecedented boom in construction activity. However, there is currently much evidence which indicates that the peak of postwar private construction activity may have been reached in 1948. Public construction activity, on the other hand, has expanded further this year and will probably exceed the 1948 level by a substantial amount. Construction costs appear to be softening or actually declining. Likewise, reports from various parts of the nation indicate that houses in the upper-price brackets especially are becoming more difficult to sell. Because the housing shortage was exceedingly acute at the end of World War II and because demands for business construction were very strong, construction became most active in these fields first. As the more urgent needs in housing and business buildings are becoming satisfied, increasing attention is being given to public, institutional, and public utility building programs which have been held in abeyance. Hence, construction in these fields is currently operating at higher levels than in the early months of 1948. According to estimates of the Bureau of Labor Statistics and the U. S. Department of Commerce, construction throughout the nation during 1949 will be slightly above that for 1948, with private construction lower and public construction higher than the 1948 figure.

Because of the close relationship which exists between construction activity and trends in the national economy, the status of the construction industry has been subjected to considerable scrutiny in recent months. Persons interested in current business developments are, therefore, anxious to secure whatever information can be made available on the subject. To determine the status of construction and real estate activity in the Tenth Federal Reserve District, the Federal Reserve Bank of Kansas City contacted a substantial number of construction and real estate operators in all cities above 25,000 population in the District. Their replies form the basis for the following information on building construction and real estate trends in this District.

Size and Character of Residential Construction There is considerable variation throughout the District in the number of dwelling units under construction thus far in 1949 as compared with the similar period in 1948. The variation ranges from an increase of 25 per cent to a decrease of 25 per cent or more. Although in some cases individual estimates for a given center were not in exact agreement, the following distribution is believed representative:

First 5 Months 1949 Compared with First 5 Months 1948	Number of Urban Centers
Increase of 25%	1
Increase of 15% to 20%	2
Increase of 10%	2
No change	5
Decrease of 10%	3
Decrease of 15% to 20%	1
Decrease of 25%	2

There is no observable correlation between size of city and the above differences and no relationship of geographic area with the variations shown. Individual conditions, such as Federal Government activity or newly acquired industries, seem to account for the differences.

Almost without exception, a decline in the construction of expensive houses was reported. Generally it was stated that builders increasingly were turning their attention to houses in the class below $10,000. Even in those cases where housing construction was above last year, a shift to the lower-priced house was reported.

Extent and Character of Changes in Selling Prices Estimates of changes in selling prices of houses range from a decline of 25 per cent from postwar highs to no change. In no case were current prices reported as above previous postwar highs. In most cases the declines were around 10 per cent, but there were substantial differences among the various price levels. Higher percentage declines were registered in high-priced houses than in the low-priced ones.

Although there is some variation in percentages and price brackets, the following example from one city in the District expresses the relationships that exist:

Price Bracket	Price Decline from Postwar High
Above $25,000	20%
$12,000 to $25,000	10%
$9,000 to $12,000	5%
Under $9,000	None

It was also pointed out in several cases that the older houses in the high-priced class have shown the largest percentage declines.

Extent of Unsold Houses Overhanging the Market Although it is often difficult to determine the extent to which a given number of unsold houses is endangering the real estate market, it was the common belief that no serious condition existed in the Tenth District. Either no overhang existed or the small amount of unsold houses was primarily in the high-priced class where sales were slow. In several cases it was pointed out that these slow-moving houses were poorly located, badly constructed, or overpriced.

However, there can be no question that purchasing of houses has slowed somewhat throughout the entire District. Dealers are finding it necessary to "sell" houses instead of merely taking orders. As one operator reported, people are now waiting until a house is built before buying, where formerly they purchased from blueprints.

Extent and Nature of Building Cost Changes Building costs have declined somewhat throughout the District, although a few cases of no change were reported. In most cases the decline is between 5 per cent and 10 per cent, with an occasional estimate somewhat higher. The decreases are attributable to lower prices of building materials and plumbing supplies. In almost all cities, labor is more efficient than formerly, although this does not always result in lower unit costs as wages may have risen recently.

There is some disagreement as to cost decreases in the various price ranges. Some estimate the greatest percentage decrease has occurred in low-cost houses, others state it is in the high-cost structures, and a few say the decline is consistent throughout all cost brackets.

With one exception, predictions were that building costs would continue to decline but that the decline would be moderate. The exception held a slight increase was possible, because of expected wage increases. The cost declines predicted for the next year or so did not exceed 10 per cent, with most estimates somewhat lower. Reasons given for expected further cost declines stem from more competitive conditions resulting in narrower builders' profit margins, lower subcontractor bids, declining material costs, and greater efficiency of labor. However, several estimates were that labor's greater efficiency might be offset by higher wage rates.

Extent of Business Construction There appear to be wide differences throughout the District with respect to the status of the construction of business buildings. Some communities have almost no building of this type in progress while one or two others report their largest postwar building program is now under way. One community indicated it had experienced no significant postwar construction in business buildings and so could have no decline. In the majority of cities, however, it was reported that minor to major declines in this activity had occurred, with the peak definitely past. Reasons given for declines in the construction of business buildings were three: high costs, uncertainty of business conditions, and completion of building programs. It was not possible to assess relative importance.

Extent and Nature of Public and Institutional Construction Public and institutional construction is apparently running at a relatively high level throughout the District. One city reported an increase of 25 per cent over 1948 and a fivefold rise over other postwar years. Another large city showed a nearly fourfold increase in permits issued for public and institutional construction during the first five months of 1949 as compared with the same period in 1948. These two cases, however, appear to represent the extreme and most of the District will be found somewhere between a 25 per cent increase and no change. No instances were reported where public and institutional construction in 1949 was falling below the 1948 level. In some cities, institutional construction was currently more important than public construction.

There are indications that the current high level of public and institutional construction probably will be maintained for another year or so. These are based on the knowledge that building programs could not be completed before then and the expectation in several communities that additional bond programs would be voted by the citizens in the very near future. However, there was no suggestion that the present large amount of construction could be continued beyond a one- or two-year period.

Concluding Observations It appears safe to conclude from the above that private residential construction in the Tenth District attained its peak in 1948 and is currently declining somewhat from that high level; that construction costs have declined slightly from their postwar peaks; that the selling prices of houses are currently below those of last year; that in most cases builders are shifting to lower-priced houses; that the construction of business buildings is well below its postwar peak; that the real estate market has made, or is in the process of making, the shift from a seller's to a buyer's market; and, finally, that public and institutional construction has reached a new peak for the postwar period.

Evaluation of these changes should be made in light of the following knowledge about the economy of the Tenth District: (a) Per capita incomes have risen rapidly since 1940, in several states more rapidly than the national average; (b) a number of towns and cities in the District have substantially larger populations than in 1940; and (c) many of the urban areas are in the process of slowly changing from a trade to an industrial economy. These three factors, combined with the backlog of demand resulting from delayed building during the thirties and during World War II, have created a greater than normal demand for construction of houses and public and institutional buildings and facilities in the Tenth District.

Finally, it should be remembered that capital-expenditure booms usually are relatively long-lived. Although the peak of the present boom in private construction activity has undoubtedly been passed, there is still much building in progress and much yet to be done.

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CREDIT

Loan volume of District member banks decreased sharply during the four-week period ended May 25. The decline in loan volume of reserve city member banks amounted to 38 million dollars, or 5 per cent, while country member bank loan volume declined by 49 million dollars, or 7 per cent. The largest single factor involved in the reduction in loan volume was the payment of Commodity Credit Corporation guaranteed wheat loans on April 30. Another important factor was the continuing decline in business loan volume. On the other hand, the country banks' ex-

SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS
(In millions of dollars)

	All Member Banks			Reserve City Banks			Country Banks		
	May 25 1949	Apr. 27 1949	May 26 1948	May 25 1949	Apr. 27 1949	May 26 1948	May 25 1949	Apr. 27 1949	May 26 1948
Loans and investments	4,186	4,157	4,179	2,264	2,205	2,243	1,922	1,952	1,936
Loans and discounts	1,390	1,477	1,306	773	811	762	617	666	544
U. S. Government obligations	2,412	2,301	2,508	1,290	1,201	1,293	1,122	1,100	1,215
Other securities	384	379	365	201	193	188	183	186	177
Reserve with F. R. Bank	839	870	788	498	511	476	341	359	312
Balances with banks in U. S.	552	527	559	238	234	239	314	293	320
Cash items in process of collection	228	236	255	211	220	238	17	16	17
Gross demand deposits	4,868	4,852	4,858	2,698	2,657	2,683	2,170	2,195	2,175
Deposits of banks	758	728	772	704	673	715	54	55	57
Other demand deposits	4,110	4,124	4,086	1,994	1,984	1,968	2,116	2,140	2,118
Time deposits	675	673	670	361	361	362	314	312	308
Total deposits	5,543	5,525	5,528	3,059	3,018	3,045	2,484	2,507	2,483
Borrowings	6	9	14	4	7	12	2	2	2

tension of production credit to farmers was reported to be in larger volume than a year ago.

District member banks, particularly reserve city banks, increased their investments substantially during the four-week period under review. Reserve city banks added to their holdings 89 million dollars of United States Government securities and 8 million dollars of other securities, while country banks increased their Government security holdings by 22 million and reduced other security holdings by 3 million. The funds for making these investments came from several sources. One was the reduction of member bank reserve requirements by the Board of Governors effective May 1 for the country banks and May 5 for the reserve city banks. Another was the payment of wheat loans by the Commodity Credit Corporation on April 30. A third source of funds for the city banks was the decline in business loan volume. The amount of funds otherwise available to the country banks for investment was reduced by a loss of country bank deposits during the month.

BANK DEBITS

	May 1949	5 Mos. 1949	Change from '48 May	Change from '48 5 Mos.
	(Thousand dollars)		(Per cent)	
COLORADO				
Colo. Springs	36,772	177,994	−1	+3
Denver	454,955	2,349,471	−1	0
Gr. Junction	13,205	64,399	+6	+4
Greeley	17,187	90,331	−18	−15
Pueblo	36,669	192,221	+4	+8
KANSAS				
Atchison	13,971	71,838	−19	−6
Emporia	9,301	46,851	−6	−2
Hutchinson	32,066	218,080	−37	−4
Independence	6,279	31,479	+1	−4
Kansas City	57,315	316,633	−9	+3
Lawrence	9,492	49,130	−5	−2
Parsons	6,824	35,000	−12	−9
Pittsburg	10,426	54,422	−3	−5
Salina	32,056	165,845	−16	−13
Topeka	86,184	432,379	+5	+6
Wichita	187,061	1,083,613	−7	−3
MISSOURI				
Joplin	25,141	131,160	−3	0
Kansas City	937,460	4,917,621	−6	−3
St. Joseph	77,356	437,063	−14	−9
NEBRASKA				
Fremont	15,868	78,084	−1	−3
Grand Island	20,122	100,674	−9	−7
Hastings	13,292	64,133	−9	−11
Lincoln	75,817	378,394	−2	−2
Omaha	426,431	2,201,435	+1	−4
NEW MEXICO				
Albuquerque	77,009	394,133	+19	+14
OKLAHOMA				
Bartlesville	128,680	660,467	+16	+41
Enid	29,936	165,809	−28	−16
Guthrie	3,748	20,857	−15	−1
Muskogee	22,317	111,498	−2	−3
Okla. City	285,652	1,472,319	−2	+2
Okmulgee	6,158	32,631	−7	−2
Ponca City	16,729	83,795	−2	−17
Tulsa	443,491	2,436,973	−8	+4
WYOMING				
Casper	25,585	137,402	+4	+17
Cheyenne	25,155	139,831	+3	+4
District, 35 cities	3,665,710	19,343,965	−4	0
U. S., 333 cities	99,336,000	503,778,000	+2	0

During the four-week period ended May 25, District country member bank deposits declined by 23 million dollars. In the reserve city banks, deposit volume expanded by 41 million dollars, as a result of increases of 31 million dollars in interbank demand deposits and 10 million dollars in other demand deposits. In the week following the Commodity Credit Corporation wheat loan payments, interbank deposits in the city banks expanded sharply, but only a minor proportion of that increase was retained to the end of the period under review.

DEPARTMENT STORE TRADE

Dollar volume of sales at reporting department stores in this District in the first three weeks of June was 6 per cent lower than in the corresponding period a year ago. This was about the same rate of decline as for May and the first five months of the year. Unit sales, especially of "soft" goods such as apparel, are reported to be holding up well, but dollar volume has been affected adversely by price declines and by a shift in consumer buying from higher-priced to lower-priced lines of merchandise. Sales of housefurnishings, particularly furniture and major household appliances, continue substantially below a year earlier. Price declines, of course, have served to bolster sales to some extent, but of even greater influence on sales is the anticipation of further and more extensive price cuts that is reported to be causing customers to defer purchases until they are satisfied the downtrend in prices has run its course. The seasonally adjusted index of daily average sales declined from 314 per cent of the 1935-39 average in April to 309 per cent in May and is considerably below the very high level of 334 prevailing in April and October of 1948.

Department store sales and stocks in leading cities:

	SALES May '49 comp. to May '48	SALES 5 Mos. '49 comp. to 5 Mos. '48	STOCKS May 31, '49 comp. to May 31, '48
	(Per cent increase or decrease)		
Denver	−10	−5	−7
Pueblo	−13	−10	−11
Hutchinson	0	−2	−6
Topeka	+1	−4	−18
Wichita	0	+2	+5
Joplin	−7	−7	−14
Kansas City	−11	−9	−11
St. Joseph	−9	−7	*
Lincoln	−4	−7	*
Omaha	+2	0	−6
Oklahoma City	−7	−9	−18
Tulsa	−14	−8	*
Other cities	−3	−5	−17
District	−7	−6	−10

*Not shown separately but included in District total.

Department store inventories have declined somewhat more than sales, and the stocks-sales ratio continues below normal prewar levels. Stocks of merchandise on hand May 31 were 10 per cent less in value than a year earlier, and the volume of outstanding orders was 41 per cent smaller. Stocks decreased more than is usual during May, and the seasonally adjusted index of stocks declined from 283 per cent of the 1935-39 average at the end of April to 276 per cent at the end of May. This is the lowest level of stocks since the record high of 310 per cent in March of 1948.

INDUSTRIAL PRODUCTION

Flour Milling Interest in new-crop flour is keen in all the major milling centers as the wheat harvest advances. Many buyers still lack confidence in the flour market, and during May buyers generally held down inventories in the hope that prices would be lower as the new southwestern crop began moving to market in volume. Export flour business is at a very low level and millers believe there will be little flour sold for export until the subsidy program is formulated. This is scheduled to go into effect on August 1, the date of the inauguration of the International Wheat Agreement. Southwestern flour sales in May averaged 47 per cent of capacity, approximating last year's level of sales. Production continued to decline and operations averaged only 66 per cent of capacity as compared with 95 per cent in May, 1948.

During the week of May 29-June 4, a sharp break in prices enabled southwestern mills to expand their sales to 105 per cent of capacity, the first time in six months that sales reached 100 per cent of capacity. The liberal wheat loan announcement during the second week of June caused some localized interest in flour in the Southwest. Sales for the week represented only 77 per cent of capacity, but operations were increased from 66 to 76 per cent of capacity.

Petroleum Crude oil production in the United States and in the District states remained stable during May, close to the level set early in April when a three-month production decline was halted. Refinery activity increased during May, continuing the upward trend initiated early in April after a similar three-month decline in runs to stills. Total demand for principal refined products at refineries and terminals during the 5-week period ended June 5 averaged 7 per cent below 1948, although gasoline demand continued to exceed the 1948 level. Gasoline prices to jobbers in the Middle West rose slightly early in May and have since remained unchanged. Residual fuel oil prices to jobbers remained steady during May but declined further early in June.

The high level of gasoline demand has been the major factor supporting the prices of the lighter or high gravity crudes, while a lowered demand for residual oils has caused a weakness in the prices of the heavy or low gravity crude oils. Isolated price cuts for heavy crude oils were announced during May, and fields in Wyoming and Oklahoma were affected. A survey of crude oil markets late in the month indicated that crude oil prices had been cut in fields with an aggregate production approximating 250,000 barrels a day, representing about 5 per cent of total daily domestic production of approximately 4,900,000 barrels. A complete revision of the gravity schedule of prices for California crude oils was effected on June 1 by a major purchaser, and this is creating considerable interest as a possible pattern for similar action in other crude-producing areas. The company raised the posted prices on many crudes of high gravity, lowered them on most heavy crudes, and made adjustments in the gravity scale of prices in virtually every field where it purchases. The object of this revision was to obtain a large volume of light crudes, which have the highest yields of gasoline and heating oils, and to reduce production of heavy crudes, which yield chiefly residual fuel oil.

In Oklahoma it has been announced that the state's 43,626 stripper wells have a future recoverable reserve of 3,437,000,000 barrels of crude oil, provided secondary recovery methods are adopted. Original oil reserves under these leases were estimated at 15,000,000,000 barrels and primary recovery at 4,500,000,000 barrels. Primary recovery to date has been estimated at 4,063,000,000 leaving 437,000,000 barrels yet to be recovered by primary methods. If secondary programs are instituted there would be an additional recovery of 3,000,000,000 barrels. In reaching this estimate, only fields now believed to be adaptable to water-flooding or gas-repressuring were considered. There are an estimated 100 secondary recovery programs operative in the state at this time, with possibly 12 to be added yet this year.

Considerable attention is being focused on an oil discovery in Cheyenne County, Nebraska. The well, located in an area distant from other mineral production, is waiting on pumping equipment after swabbing 15 barrels per hour of 33-degree gravity crude. The company reporting the well is said to have two other prospects in the area ready to test.

Zinc and Lead On June 15, the price of zinc dropped to 9 cents per pound, marking the eleventh successive price decline in less than three months. A large mining and smelting company in the Tri-State district announced that, as of June 18, a price of $52.50 a ton would be paid at its mill for 60 per cent zinc concentrate. Subsequently, it announced it would shut down indefinitely on June 30. As late as March 10 of this year, the Tri-State operators were receiving $110 a ton for zinc concentrate. Several producers have voiced the opinion that, while present smelter production is admittedly too high in the face of declining demand and the fact that the Government apparently is not interested in further stock-piling of zinc for the time being, the zinc business nevertheless is considerably better than the 50 per cent reduction in price would indicate.

Since the first of June there have been no further reductions in the price of lead. It is now selling for 12 cents per pound, and Tri-State producers are receiving $148.63 per ton for lead concentrate. On March 10, these operators were receiving $290.63 a ton for lead concentrate. Some members of the trade now feel that the downswing in lead prices has reached an extreme and that lead, the first of the three major metals to break from its record high level, is now showing a firmer undertone. Sales of lead to consumers in mid-June were the largest reported in some time. It has been pointed out that the 6-month decline in shipments of automotive replacement batteries was checked in May, and it is believed that battery makers will step up their operations considerably in August, thereby increasing the demand for lead. The tetraethyl lead industry also will need additional supplies of lead because of the prospective high level of demand for high-octane gasoline. Moreover, sizable purchases of lead for stock-piling are scheduled for the fiscal year starting July 1.

Employment Employment in United States manufacturing industries continued to decline in May for the eighth consecutive month. The decrease from mid-April to mid-May, which measured 320,000, reflected chiefly declining demand for a number of products and seasonal contraction of manufacturing activity, although work stoppages constituted a third factor. The iron and steel products, machinery, and textile-apparel-leather industry groups reported further reductions of employment. In mid-May, manufacturing employment was approximately 1,700,000 below the postwar peak of last September and about 900,000 below the May, 1948, level, according to Department of Labor figures. Agricultural employment rose sharply from April to May, showing an increase of 1,200,000 workers. Reflecting this rise in farm employment, Census figures recorded an increase of 900,000 in total civilian employment.

Unemployment received widespread attention in the District states during May. Figures recently released by the Oklahoma Employment Security Commission show 14,447 unemployed persons, nearly three times the number unemployed a year ago. In Colorado, a recent poll indicates that the state now has between 25,000 and 30,000 jobless persons. From the poll, it was estimated that unemployment has affected seven of every hundred Colorado families. The Nebraska State Labor Commissioner reported that unemployment showed little change from April to May but that the number of jobless was 30 per cent greater than in May a year ago. In Wyoming, unemployment showed a sizable decline between April and May but remained nearly twice as great as a year ago. Kansas City, Kansas, and Wichita reported declining unemployment during May.

Employment declines in the Tenth District mostly occurred in the manufacturing industries. Oklahoma and Nebraska reported a drop in construction activity. In Wyoming, employment in the oil industry has declined in several areas.

AGRICULTURE

Crops Rainfall in the Tenth District in the first five months of the year was fully a third above normal and in May it was appreciably more than a third above normal. June also was a wet month nearly everywhere. Moisture in the first five months of this year in Nebraska, Kansas, and Oklahoma was more than 40 per cent above normal. In May, rainfall in Oklahoma was 63 per cent, and in Kansas and Nebraska 40 per cent, above normal.

Abundant moisture, together with an unusually large acreage, gave promise of a remarkable crop of winter wheat in the early months of the year. Even as late as June 1, the estimate of the Department of Agriculture was for a crop in the Tenth District 10 million bushels larger than the estimate a month earlier. After the first of June, however, the crop deteriorated rapidly. Damage due to excessive moisture, rust, glume blotch, and mosaic became widespread. As harvest got under way in Oklahoma and Kansas, it appeared that the crop would be fully 20 per cent under earlier estimates and occasionally a crop reporter would place the loss as high as 35 or 40 per cent. There is some opinion, however, that such figures exaggerate the loss. Not only are yields sharply lower than those anticipated, but quality is poor. Indications are that the amount of lightweight wheat in this area will be of near-record proportions. Higher wheat prices reflect the radical change in the crop outlook and the new program for temporary loans on grain without storage.

Corn planting was delayed because of wet, cool weather, and excessive rain caused more replanting than usual. Cultivation has been delayed. While the crop is late, supplies of subsoil moisture in heavy corn-producing areas have seldom been greater.

Flood damage and heavy rains caused a very large amount of replanting of cotton in Oklahoma. The Department of Agriculture reports that nearly all the

	Rainfall May 1949	May Normal	5 Mos. 1949	5 Mos. Normal
	(In inches)			
Colorado				
Denver	2.92	2.21	8.04	6.14
Leadville	2.56	1.33	5.72	7.51
Pueblo	3.32	1.60	5.48	4.30
Lamar	2.73	2.26	6.03	5.54
Alamosa	1.37	.75	2.80	2.18
Steamboat Springs	3.68	2.08	11.68	11.20
Kansas				
Topeka	6.11	4.42	22.01	11.51
Iola	4.81	4.80	17.59	14.15
Concordia	3.45	3.84	10.10	8.49
Salina	3.58	3.91	10.59	9.28
Wichita	6.15	4.66	20.10	11.20
Hays	3.31	3.51	8.90	7.71
Goodland	4.53	2.52	8.51	6.16
Dodge City	4.85	2.85	12.32	6.94
Elkhart	3.59	2.42	6.91	5.85
Missouri				
St. Joseph	4.07	4.70	15.11	13.32
Kansas City	5.31	3.94	16.84	12.50
Joplin	6.81	5.36	20.22	17.10
Nebraska				
Omaha	3.94	3.77	11.68	9.24
Lincoln	5.48	4.08	13.01	9.47
Norfolk	4.20	3.95	10.68	9.55
Grand Island	4.95	4.02	11.06	9.27
McCook	5.86	2.89	13.67	7.01
North Platte	5.10	2.78	12.75	6.62
Scottsbluff	3.80	2.72	6.95	6.40
Valentine	6.96	2.82	12.60	6.72
New Mexico				
Clayton	6.77	2.47	10.84	3.87
Santa Fe	.98	1.19	3.82	4.07
Farmington	1.15	.57	3.50	3.05
Oklahoma				
Tulsa	8.34	5.05	22.78	15.17
McAlester	5.24	6.04	17.92	18.52
Oklahoma City	6.91	4.88	16.19	12.45
Pauls Valley	8.33	5.31	22.72	14.27
Hobart	9.18	4.25	16.77	10.65
Enid	6.19	4.08	16.37	11.03
Woodward	6.26	3.53	13.75	9.18
Wyoming				
Cheyenne	4.27	2.43	11.14	6.50
Casper	2.53	2.20	5.74	6.72
Lander	2.80	2.26	7.71	6.70
Sheridan	2.83	2.65	8.30	7.28

cotton acreage in some counties in the southwestern part of the state had to be replanted and that for the whole state from one fourth to a third of the planted acreage required replanting. Water erosion in May caused great damage to cotton land.

The outlook for fruit is favorable nearly everywhere in the District. The peach crop in Oklahoma gives promise of being more than twice as large as that of last year and about 50 per cent above an average crop. In New Mexico one of the largest peach crops of recent years is in the making, and in Colorado indications are for the second largest crop that state has produced.

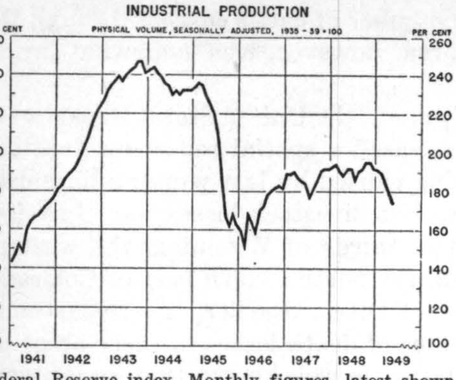
Livestock Pastures and ranges nearly everywhere in the District are in unusually good condition, and livestock are making excellent gains. The number of cattle shipped into the Blue Stem pastures of Kansas and Oklahoma this season was somewhat smaller than a year ago and smaller than in any year since 1944. The number of cattle carried through the winter in this area, however, was somewhat larger than last year.

Under date of June 1, the United States Department of Agriculture released a special report on livestock losses in Wyoming caused by last winter's blizzards. In the Tenth District, livestock losses were heaviest in the eastern two thirds of Wyoming, the western half of Nebraska, the northeastern part of Colorado, and northwestern Kansas. Earlier, the Department had made estimates of death losses in these areas up to February 1, but it is well known that losses were heavy after that date. The special report released June 1 relates only to Wyoming and was based upon mail returns from about 1,000 Wyoming farmers and ranchers and upon personal interviews.

According to this latest report, it is now estimated that 20,000 cattle and calves and 100,000 sheep were lost in the eastern two thirds of Wyoming because of the blizzards last winter. The report states that at the time the survey was made calving and lambing were in progress and that the full effect of the winter storms on the calf and lamb crops was not known. Losses from other causes in this area brought the total to 32,000 cattle and calves and 125,000 stock sheep. If to these losses are added those in the remainder of the state, it is estimated that total winter and spring losses for the entire state were 41,000 cattle and calves and 154,000 sheep. This would be 4.1 per cent of the total number of cattle and calves estimated to be in the state on January 1 and 7.4 per cent of the stock sheep. Of the 20,000 cattle loss mentioned above, 15,000 were cows and heifers two years old or older, or about 3 per cent of the cow herd. Most of the sheep losses, it is said, were breeding ewes and ewe lambs held for replacement.

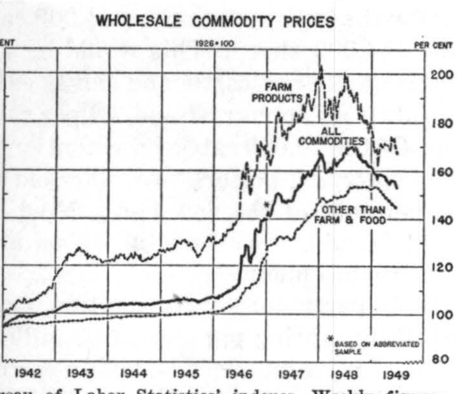
On June 22 the Department of Agriculture estimated the United States spring pig crop at 59 million head, an increase of 15 per cent over last year's spring crop and the largest in any peacetime year. The Department also estimated the fall pig crop at 37 million head. This would be 3 million larger than the fall crop last year. It appears, therefore, that the total number of hogs produced this year will be about 96 million head, over 10 million more than last year. Production of 96 million hogs this year would be the third largest of record, the number in 1943 being nearly 122 and that in 1942 almost 105 million.

The phenomenal corn crop of last year—some of it without adequate storage—and the fact that the corn-hog ratio has been favorable to hog production have encouraged farmers to raise hogs. The larger supply of pork indicated will be offset somewhat by declining numbers of sheep. Cattle numbers, also, are relatively low on a per capita basis.

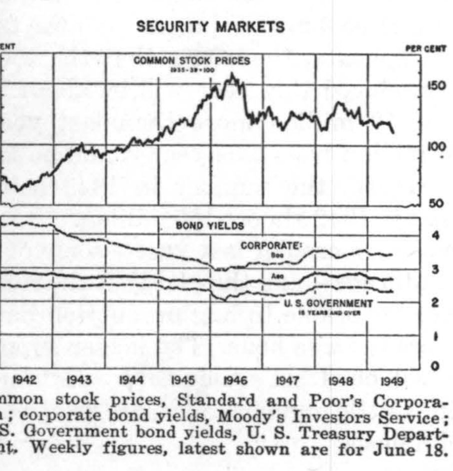


Federal Reserve index. Monthly figures, latest shown is for May.

Federal Reserve indexes. Monthly figures, latest shown for sales is May; for stocks, April.



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending June 21.



Common stock prices, Standard and Poor's Corporation; corporate bond yields, Moody's Investors Service; U. S. Government bond yields, U. S. Treasury Department. Weekly figures, latest shown are for June 18.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Production at factories and mines declined further in May and June. Construction activity increased somewhat and employment in most other lines was maintained. Prices of industrial commodities continued downward and prices of farm products and foods declined in June following some advance in May. Department store sales were maintained at relatively high levels.

Industrial Production

The Board's seasonally adjusted index of industrial production declined 5 points in May to 174 per cent of the 1935-39 average and, according to present indications, may show a similar decrease in June. The May decline reflected mainly a further substantial reduction in activity in industries manufacturing durable goods. Output of nondurable goods and of minerals, which earlier had declined more than output of durable goods, showed only slight decreases in May.

Activity in the iron and steel, machinery, and nonferrous metals industries showed marked declines in May, reflecting a reduced volume of orders. Steel production averaged 93 per cent of capacity and since then has declined further to a scheduled rate of 84 per cent of capacity during the week beginning June 20, as compared with the peak of 103 in March. Machinery production has declined about one fifth since the end of last year. Output of passenger cars was temporarily curtailed in May as a result of a major work stoppage but by mid-June increased to new record postwar rates. Activity in most other industries manufacturing durable goods declined slightly in May.

Activity in the cotton and rayon industries decreased further. Output of wool textiles, however, increased from the exceptionally low April rate, which was about 40 per cent below peak postwar levels. Cotton consumption in May was at the lowest rate since 1939. Petroleum refining activity showed a slight gain in May, and newsprint consumption rose further to a new record rate. Activity in most other nondurable goods industries showed little change.

Minerals output was slightly smaller in May. Activity at nonferrous metal mines was substantially curtailed and iron ore output, after allowance for seasonal changes, was slightly below the exceptionally high April level. Crude petroleum production showed little change. Coal output increased somewhat in May but has been curtailed sharply in June.

Construction

Value of construction contracts awarded, according to the F. W. Dodge Corporation, rose slightly in May reflecting further increases in awards for public construction. Private awards were slightly smaller than in April and continued considerably below a year ago. The number of new housing units started increased further in May and was close to the peak level of 100,000 units a year ago, according to estimates of the Department of Labor.

Distribution

Value of department store sales in May showed little change from April, after allowance is made for the usual seasonal fluctuation. Sales in the first half of June were 7 per cent below the high level of the corresponding period in 1948, reflecting in part lower retail prices for apparel and housefurnishings.

Commodity Prices

The general level of wholesale commodity prices declined 2 per cent from the middle of May to the third week of June. Meat and livestock prices showed small net change, as decreases in mid-June followed advances in the latter part of May. Cash wheat prices declined about 10 per cent as marketings of another large crop commenced. Prices of industrial commodities, especially textiles, paper, metals, and building materials, continued downward from May to June.

In May retail prices of most groups of consumers' goods were somewhat lower than in April. The B.L.S. Index for all items, including rents and other services, was 169.2 as compared with 169.7 in April and the recent low point of 169.0 in February.

Bank Credit

Business loans at banks in leading cities declined substantially during May and by somewhat smaller amounts during the first half of June. Real estate and consumer loans increased slightly. Banks purchased about 2 billion dollars of Government securities of both long and short maturities, in part out of reserve funds released by the reduction in reserve requirements effective in early May.

Treasury expenditures were considerably greater than receipts in the first half of June, and Treasury deposits at the Reserve Banks declined substantially. This supplied banks with reserve funds and banks bought Government securities from the Federal Reserve System and increased their excess reserve balances. Subsequently banks lost reserve funds as Treasury balances at the Reserve Banks were built up by quarterly income tax payments. Reserve System holdings of Government bonds declined further during June.

Security Markets

Common stock prices decreased about 9 per cent, with a moderate volume of trading, in the four weeks ended June 13 and recovered part of the decline in the following 10 days. Prices of high-grade corporate bonds changed little.